

Adopted Modifications for Pacific Bell

The following adjustments/calculations in this compliance reference document reflect Commission ordered changes in Decision 98-02-106. Pacific shall incorporate the adjustments in their TELRIC studies and submit the updates, complete with a summary sheet of all TELRIC costs, via compliance filing within 15 days of the order. Each adjustment represents stand-alone changes to the cost studies as presented. Final calculations will differ according to combined effects of changes as ordered. No other modifications will be made to OANAD cost studies other than those required by conclusions of law of this order and the materials set forth in this compliance reference document.

The following modifications to Pacific Bell's OANAD cost studies are ordered :

Assignment of Shared Expenses To Switching Elements (Section V. B.)

Pacific will reassign to all the switching UNE's, \$75.1 million of RTU and administration expenses (\$78.8 million shared family minus \$3.7 million "double-counted" switch usage dollars) from the call setup element, and shall spread the said amount over the total switching elements including ports, features, EOS, and Tandem switching as described below.

Element	Weighting	RTU (\$\$ millions)
Trunk Ports	***	***
Line Ports	***	***
Features	***	***
End Office Switching		
Setup	***	***
MOU's	***	***
Tandem Switching		
Setup	***	***
MOU's	***	***

Shared / Common Retail (Section V. C.)

Pacific shall adjust the following shared / common expense accounts to exclude retail dollars:

	(A) Total Amount Shared Common	(B) Retail Adjustment	(C) Retail Portion	(D) Wholesale Portion
Account 6610 (Marketing)	***	***	***	***
Account 6620 (Customer Service)	***	***	***	***
Account 6211-6540 Maintenance	***	***	***	***
Accounts 6113-6124* (Support Expenses)	***	***	***	***
Account 6710* (Executive/Planning)	***	***	***	***
Account 6720* (Gen. & Admin)	***	***	***	***
Secondary Invest	***	***	***	***
Total	\$982,100,035		\$67,833,015	\$916,867,020

*The retail adjustment figure was estimated using forecasted UNE EOY 1999 volumes from Pacific's TELRIC updates February 7, 1997, and Pacific's total retail volumes of 14,602,933 access lines.

Product Management (Section VII.)

Pacific is ordered to flow-through the following adjustments to Product Management:

UNBUNDLED ELEMENT	Product Mgmt Costs	Forecasted Demand	Avg Unit Prod Mgmt	Carrier/Sales Sup. Prod Mgmt	Annual Avg Unit NVS	Monthly Avg. Unit NVS	
Links	***	***	***	***		***	/link
Ports	***	***	***	***		***	/port
Features	***	***	***	***		***	/feature
DNCF	***	***	***	***		***	/DNCF
Switching: EOS *							
Setup	***	***	***	***		***	/message
MOU	***	***	***	***		***	/minute
Switching: Tandem *							
Setup	***	***	***	***		***	/message
MOU	***	***	***	***		***	/minute
EISCC							
VG /DS0	***	***	***	***		***	/EISCC
DS1 / DS3	***	***	***	***		***	/EISCC
Dedicated Transport							
Voice Grade	***	***					/VG Channel
DS1		***					/DS 1 Channel
DS3		***					/DS 3Channel
Total	***	***	***	***		***	/VG Eq Channel
Switched Transport							
Common	***	***	***	***		***	/MOU
Shared	***	***	***	***		***	/MOU
Directory assistance	***	***	***	***		***	/message
Operator Services	***	***	***	***		***	/message
STP Port	***	***	***	***		***	/port

*End-office and tandem switching product management (PM) dollars shall be spread-over setup and hold time. Forecasted demand for minutes of use was estimated from Pacific's usage study (PBON 012016) at a ratio of 3.33 minutes to messages. The weighted amounts of PM dollars assigned to end-office setup & MOU and tandem setup & MOU were estimated from Pacific's January 13, 1997 TELRIC Switch Investment Study, Tab D-3.

Compliance Reference Document

Redacted

Extended Interconnection Service Cross Connection (EISCC) (Section VIII. A.)

Pacific Bell shall further un-bundle the EISCC element and cost separately the cabling (EISCC), Jack Panel and Repeater/Regenerator. The calculations below will be performed and carried forth into Pacific's compliance filing for EISCC elements.

EISCC

	<u>Capitall Costs</u>	<u>Operating Expenses</u>	<u>Total Recurring</u>	<u>Monthly Vol Sens</u>	<u>Monthly Non-Vol Sens</u>	<u>Monthly TELRIC</u>
EISCC-VG						
EISCC	***	***	***	***	***	***
Jack Panel	***	***	***	***	***	***
EISCC- DS-0						
EISCC	***	***	***	***	***	***
Jack Panel	***	***	***	***	***	***
EISCC- DS-1						
EISCC	***	***	***	***	***	***
Jack Panel	***	***	***	***	***	***
Repeater	***	***	***	***	***	***
EISCC- DS-3						
EISCC	***	***	***	***	***	***
Jack Panel	***	***	***	***	***	***
Repeater	***	***	***	***	***	***

Repair Expenses (Section VIII. C.)

Each of the following function codes shall be adjusted downward by 14% to reflect a reduction in 1995 unbundled loop repair expenses. Said adjustments will be carried forth onto both the TELRIC for unbundled loops.

	1993	1995	Percent Change
Repair \$\$	\$486M	\$455M	- 0.068

R041	R069	R78002
R051	R071	R795
R054	R073	R814
R055	R20001	R821
R056	R28002	R822
R057	R30001	R823
R058	R400	RB0001
R059	R50001	RB8001
R061	R58001	RB8002
R064	R58002	RC00
R065	R75201	RC01
R066	R759	RD00
R067	R75A01	
R068	R78001	

Directory Listings (Section VIII. D.)

Pacific Bell is ordered to make the following changes to its Directory Listings costs: 1) adjust downward its fixed non-volume sensitive component by 25% (Pacific Bell products and services offerings) , and 2) annualize the non-volume sensitive fixed costs. The TELRIC for CLEC Listing should be:

	Monthly Volume Sensitive Unit Cost	Monthly Non-Volume Sensitive Unit Costs	In-Service Volumes	Non-Volume Sensitive Fixed Cost	Monthly Non-Volume Sensitive Unit Fixed Cost
CLEC Listing	***	***	***	***	***
	Monthly Non-Volume Sensitive TELRIC	Monthly Volume Sensitive TELRIC	Monthly TELRIC		
CLEC Listing	***	***	***		

Entrance Facilities (Section VIII. E.)

Pacific Bell shall employ an expected channel utilization level of 62% for its DS-1 and DS-3 fiber optic terminals and resubmit its changes in its compliance filings. The changes ordered herein will be carried forward through the estimation of the Entrance Facility's TELRIC.

	INSTALLED INVESTMENT	INV WITH CO POWER@ 1.1037	DS-1 CAPACITY	EXPECTED CHANNEL UTILIZATION	DS1 UNIT INVESTMENT	EQUIPMENT UTILIZATION	DS1 TELRIC INVESTMENT
DS1 REMOTE CIRCUIT EQUIPMENT: FRC 858C							
REMOTE FIBER OPTIC TERM, 150 MBPS	***	***	***	***	***	***	***
3/1 MUX	***	***	***	***	***	***	***
RT UNIT TOTAL							***
DS1 CO CIRCUIT EQUIPMENT: FRC 357C							
CO FIBER OPTIC TERM, 150 MBPS	***	***	***	***	***	***	***
DCSIV DS3 PORT (SERVES 28 DS1'S)	***	***	***	***	***	***	***
DCSIV DS1 PORT (PER DS1)	***	***	***	***	***	***	***
CO UNIT TOTAL							***

	INSTALLED INVESTMENT	INV WITH CO POWER@ 1.1037	DS-3 CAPACITY	EXPECTED CHANNEL UTILIZATION	DS-3 UNIT INVESTMENT	EQUIPMENT UTILIZATION	DS-3 TELRIC INVESTMENT
DS-3 REMOTE CIRCUIT EQUIPMENT: FRC 858C							
REMOTE FIBER OPTIC TERM, 150 MBPS	***	***	***	***	***	***	***
RT UNIT TOTAL							***
DS-3 CO CIRCUIT EQUIPMENT: FRC 357C							
CO FIBER OPTIC TERM, 150 MBPS	***	***	***	***	***	***	***
3 DCS DS-3 PORTS (1 Per DS-3 Channel)	***	***	***	***	***	***	***
CO UNIT TOTAL							***

Entrance Facilities (Section VIII. E.)

Pacific shall also be ordered to make corrections to its DS-1 Capital Cost calculation for Remote Electronics - 858C at Work_Ent Fac_DS1-DS3, page 6, Column C, line 7. The changes ordered herein will be carried forward through the estimation of the Entrance Facility's TELRIC.

	Unit Investment	Capital Cost Factor	Capital Costs	Monthly Cost	Unit Vol Sens Cash Op. Exp.	Avg Unit Monthly Vol Sens Costs
DS-1						
Conduit -4C	***	***	***	***		
Fiber -85C	***	***	***	***		
C.O. Electronics -357C	***	***	***	***		
Remote Electronics -858C	***	***	***	***		
Total				***	***	***

	Avg Unit Monthly Vol Sens Costs	Commission Ordered Adjustments	Monthly Unit Vol Sens Costs	Monthly Unit NVS Costs	Average Monthly TELRIC
DS-1	***	***	***	***	***